

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Call to Order: By **CHAIRMAN BETTY LOU KASTEN**, on March 9, 1999 at 9:58 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Rep. Betty Lou Kasten, Chairman (R)
Sen. Chuck Swysgood, Vice Chairman (R)
Rep. Beverly Barnhart (D)
Rep. John Cobb (R)
Sen. Bob Keenan (R)
Sen. Mignon Waterman (D)

Members Excused: None.

Members Absent: None.

Staff Present: Delila Croucher, Committee Secretary
Lois Steinbeck, Legislative Branch
Susan Fox, Legislative Branch
Greg Petesch, Legislative Branch
Bob Andersen, OBPP
Connie Welsch, OBPP

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s): Managed Care
Executive Action: Department Policy

INFORMATIONAL HEARING ON LC 1913

The Committee discussed LC 1913, a bill draft created from Sen. Keenan's transition information.

Laurie Ekanger, Director of the Department of Public Health and Human Services, addressed the Committee on the importance of maintaining a smooth transition while separating from Magellan.

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A regional approach to managed care is being looked at as an option.

{Tape : 1; Side : A; Approx. Time Counter : 5.1 - 7.5}

Mike Billings addressed the Committee on the status of the current contract. He stressed the importance of an uninterrupted flow of services provided to consumers of mental health services and keeping providers paid while in transition to this new service delivery mechanism. He noted that Magellan is interested in a continued presence in Montana for the duration of the transition and that Magellan is committed to making sure that the consumers don't suffer.

{Tape : 1; Side : A; Approx. Time Counter : 7.5 - 12.6}

Russ Cater stated that Magellan has given the department notice to terminate. March 10, 1999 is the reinstatement of their previous six month notice of termination given five and a half months ago. Under the contract they can terminate for cause, giving a thirty day notice of termination, making April 1, 1999 the end date. Mr. Cater noted that it is in question weather or not Magellan would have a cause to terminate. A 180 day termination notice is allowed within the contract for any reason whatsoever, making September 1st roughly the end date. The department has put together an injunction prohibiting Magellan from termination on April,1 1999, and the department is willing to enforce that up until September 1,1999.

{Tape : 1; Side : A; Approx. Time Counter : 12.6 - 15.8}

Director Ekanger noted that Magellan no longer wants to be at full-risk under this contract because they are paying out more in benefits than the state is reimbursing. The Department can legally renegotiate the contract to take them out of risk. A settlement document that describes fully the agreement between the Department and Magellan would be attached to the revised contract preventing Magellan from pulling their notice of termination. The Department has the authority to allow the state to acquire an at risk program. Ideally the Department would amend the current waiver from state to regional capitation. However it is not clear that the current waiver will be able to be retained and an application for a new regional waiver may be needed. **EXHIBIT(jhh53a01)**

{Tape : 1; Side : A; Approx. Time Counter : 15.8 - 27.1}

Mike Billings outlined several options to focus on. The State is going to have to assume risk at some point. Retaining Magellan as an Administrative Service Organization is an option. Another option starts with a basic amount paid for care management and allowing Magellan to influence that figure by utilization review

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and prior authorization, bringing the cost down benefitting the state. Mr. Billings stated that he believed November 1, 1999 to be an unreasonable date to have a system in place.

EXHIBIT (jhh53a02)

{Tape : 1; Side : A; Approx. Time Counter : 27.1 - 30.8}

The department has a \$12.7 million reserve that is designed to get the department through a transition if need be. Decertification of children in the foster care budget was discussed. The department explained that penalties have been assessed but payments have not been withheld.

{Tape : 1; Side : B; Approx. Time Counter : 0 - 8.8}

The Committee discussed the possibility of having Magellan serve as a administrative service organization paid on a monthly basis with the state resuming risk.

{Tape : 1; Side : B; Approx. Time Counter : 8.8 - 12.5}

Susan Fox addressed the Committee on LC 1913. The responsibilities of the department and effective date were discussed. The committee also addressed the requirements of the current waiver. The current bill draft assumes that the current waiver is continued.

{Tape : 1; Side : B; Approx. Time Counter : 27.1 - Tape : 2; Side : A; Approx. Time Counter : 7.6}

The Committee discussed policy issues that they want the department to follow. Among those discussed were regionalization, consumer inclusion and a fee/co-pay schedule.

{Tape : 2; Side : A; Approx. Time Counter : 7.6 - 12.8}

The Committee established a list of policy issues for the Committee to consider and add to or take from. Rep. Kasten stated that the department should tell the Committee if they can currently fulfill the requests of the Committee through current statute or weather they need additional authority or provisions.

Rep. Kasten requested a regionally based/capitation system for managed care; inclusion of the non-medicaid population; pharmacy segment included; consumer input; report of outcome; term of the contract; state hospital discussion; and provision of appeal in the draft.

{Tape : 2; Side : A; Approx. Time Counter : 24 - 30.8}

Sen. Keenan requested public involvement in the transition and long term oversight.

{Tape : 2; Side : B; Approx. Time Counter : 0 - 4.8}

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Rep. Barnhart requested better oversight to prevent and assure performance and the development of a consumer council.

{Tape : 2; Side : B; Approx. Time Counter : 4.8 - 5.4}

Rep. Trudy Schmidt was concerned with the authority of oversight and transition actions as well as reporting and outcome.

{Tape : 2; Side : B; Approx. Time Counter : 4.5 - 6.5}

Sen. Waterman suggested that the Committee remove the artificial 200% in flexible regional system; target priority care short of an entitlement; and oppose fee-for-service option.

{Tape : 2; Side : B; Approx. Time Counter : 6.5 - 14.4}

Sen. Swysgood requested that the department provide services that the existing money will allow to be provided; fall within the budget appropriated; and to closely examine lifting the 200% poverty capitation before doing so.

{Tape : 2; Side : B; Approx. Time Counter : 14.4 - 24.5}

EXECUTIVE ACTION

Motion/Vote: SEN. SWYSGOOD moved to INITIATE A BILL TO CHANGE STATUTE TO INCLUDE CARE MANAGEMENT. Motion carried unanimously.

{Tape : 2; Side : B; Approx. Time Counter : 24.5 - 26.5}

Motion/Vote: SEN. WATERMAN moved TO INCLUDE IN STATUTE THE ILLNESS PROVISION ALONG WITH FINANCIAL NEED TO TARGET SERVICES. Motion failed 3-3 with Kasten, Keenan, and Swysgood voting no.

{Tape : 2; Side : B; Approx. Time Counter : 26.5 - Tape : 3; Side : A; Approx. Time Counter : 10.5}

Motion/Vote: REP. BARNHART moved TO INCLUDE A CONSUMER INPUT MECHANISM IN STATUTE. Motion carried 5-1.

{Tape : 3; Side : A; Approx. Time Counter : 10.5 - 12.8}

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ADJOURNMENT

Adjournment: 12:06 P.M.

REP. BETTY LOU KASTEN, Chairman

DELILA CROUCHER, Secretary

BK/DC

EXHIBIT (jhh53aad)